

**STATUTORY INSTRUMENTS SUPPLEMENT**  
*to The Uganda Gazette No. 43 Volume C dated 17th August, 2007*  
Printed by UPPC, Entebbe, by Order of the Government.

---

---

**S T A T U T O R Y   I N S T R U M E N T S .**

**2007 No. 39.**

**THE ELECTRICITY (LICENCE EXEMPTION) (ISOLATED GRID  
SYSTEMS) ORDER, 2007.**

—————  
**ARRANGEMENT OF PARAGRAPHS**

*Paragraph*

1. Title.
2. Interpretation.
3. Application.
4. Object of Order.
5. Certificate of Exemption.
6. Standards.
7. Upgrade of supply capacity.
8. Interconnection with main grid.
9. Price control.
10. Reporting.
11. Customer service agreement.

**SCHEDULES.**

- Schedule 1 Form of application for a certificate of exemption.  
Schedule 2 Certificate of exemption.  
Schedule 3 Form of reporting schedule for holder of certificate of exemption.

# STATUTORY INSTRUMENTS .

**2007 No. 39.**

## **The Electricity (Licence Exemption) (Isolated Grid Systems) Order, 2007.**

*(Under section (113)(1) of the Electricity Act, 1999, Cap 145).*

IN EXERCISE of the powers conferred upon the Authority by section 113(1) of the Electricity Act, 1999, Cap 145, this Order is made this 25th day of June, 2007.

### **1. Title.**

This Order may be cited as the Electricity (Licence Exemption) (Isolated Grid Systems) Order, 2007.

### **2. Interpretation.**

In this Order, unless the context otherwise requires—

“Act” means the Electricity Act, 1999, Cap 145;

“Authority” means the Electricity Regulatory Authority established by section 4 of the Act;

“commercial use” means the supply of electricity from one point to another for sale by one person to another person;

“distribution licence” means a licence issued under section 57 of the Act;

“generation licence” means a licence issued under section 51 of the Act;

“isolated grid supply” means an electricity supply system that is used for commercial purposes and is not connected to the main grid;

“isolated grid system service standards” means the customer service standards prepared by the Authority and applicable to the operation of isolated grids;

“isolated grid technical standards” means a set of technical standards prepared by the Authority and applicable to an isolated grid system;

“sale licence” means a licence issued under section 59 of the Act.

### **3. Application.**

(1) This Order applies to the generation, transmission, distribution or sale of electricity on the isolated grid.

(2) For the avoidance of doubt this Order does not apply to the generation, transmission, distribution or sale of electricity on the main grid.

### **4. Object of Order.**

The object of this Order is to regulate the supply of electricity from isolated grid systems for commercial use.

### **5. Certificate of exemption.**

(1) A person intending to generate, distribute and sale electricity for rural electrification, where the maximum supply capacity does not exceed two megawatts shall apply to the Authority for a certificate of exemption in the form set out in Schedule 1.

(2) A certificate of exemption is sufficient evidence of exemption from the requirement of holding any licence otherwise required to be held under the Act.

(3) The holder of a certificate of exemption shall comply with the terms set out in the certificate.

(4) A certificate of exemption shall be in the form set out in Schedule 2.

## **6. Standards.**

(1) Subject to subparagraph (2), a holder of a certificate of exemption shall be exempted from complying with all or any of the service standards applicable to licensees.

(2) A holder of a certificate of exemption shall comply with the isolated grid technical standards and the isolated grid system service standards, and shall annually update the Authority with the compliance of the standards.

## **7. Upgrade of supply capacity.**

(1) Where the holder of a certificate of exemption upgrades the generation capacity to a capacity greater than two megawatts, the certificate of exemption shall automatically lapse.

(2) The holder of a certificate of exemption who reasonably believes that the supply for which he or she holds a certificate is about to be upgraded above two megawatts, shall apply to the Authority for the necessary licence under the Act.

(3) A licence applied for under subparagraph (2) shall be granted subject to such conditions as the Authority may determine.

(4) The Authority may permit the holder of a licence issued under subparagraph (3) to operate under the obligations and standards that are applicable to the licensee prior to obtaining the licence for a duration that the Authority may determine; except that the duration shall not exceed three years.

## **8. Interconnection with main grid.**

(1) Where a holder of a certificate of exemption wishes to connect to the main grid, the holder of the certificate shall be required to satisfy the technical requirements that a grid distribution licence holder satisfies for purposes of safety and network stability.

(2) A holder of a certificate of exemption shall apply to the Authority for a generation or distribution and sale licence on interconnection with the main grid.

(3) A certificate of exemption shall automatically lapse on interconnection with the main grid.

(4) Notwithstanding the requirements of subparagraph (2), a holder of a certificate of exemption may apply to the Authority for exemption from the requirement to acquire any licence, and the Authority shall, where it deems it appropriate, exempt the applicant from the requirement to hold a licence.

## **9. Price control.**

(1) The Authority shall issue a price schedule for rural electrification systems every three years.

(2) The price schedule shall contain formulae for the indexing of prices at intervals between reviews.

(3) A holder of a certificate of exemption shall set tariffs in such a manner that the average prices shall be consistent with the prices published in the price schedule.

(4) A holder of a certificate of exemption shall apply to the Authority for an exemption from the application of the price schedule, and the Authority shall, where it deems it appropriate, exempt the applicant from the application of the price schedule.

## **10. Reporting.**

A holder of a certificate of exemption shall, on an annual basis, submit to the Authority information provided for in Schedule 3.

## **11. Customer service agreement.**

(1) A holder of a certificate of exemption shall prepare a model customer service agreement which shall contain a clause on dispute settlement between the holder of a certificate of exemption and its customers.

(2) The model agreement shall be submitted to the Authority for approval.

SCHEDULE 1

Paragraph 5(1)

FORM OF APPLICATION FOR CERTIFICATE OF EXEMPTION.

**1. Particulars of intended applicant**

- (a) Name:.....
- (b) Physical address:.....
- (c) Postal address:.....
- (d) Tel:.....
- (e) Fax:.....
- (f) Mobile phone:.....
- (g) E-mail address:.....
- (h) TIN:.....
- (i) VAT Reg:.....
- (j) Website address:.....

**2. Name and details of contact person**

- (a) Name:.....
- (b) Physical address:.....
- (c) Postal address:.....
- (d) Tel:.....
- (e) Mobile phone:.....
- (f) E-mail address:.....
- (g) Website address:.....

**3.(1) Indicate legal status of applicant (Tick relevant option)**

- (a) Sole Proprietorship
- (b) Partnership
- (c) Public Limited Liability Company
- (d) Private Limited Liability Company
- (e) Cooperative Union Society
- (f) Other (please specify)

(Attach Certificate of Incorporation, Memorandum and Articles of Association where applicable).

(2) Particulars of directors

Name	Address	Nationality	Country of usual residence
(a)			
(b)			
(c)			
(d)			

**Financial status of applicant**

4.(1) Share capital of the applicant (Fully paid)

.....  
.....  
.....

(2) Loans

.....  
.....  
.....

(3) Please provide certified audited financial statements and accounts for the last 3 years prior to application.

**5. (1) Bankers and financial references—**

(a) Name and address of bankers, including telephone and fax in Uganda

Name	Address	Contact person
(i)		
(ii)		
(iii)		
(iv)		

- (b) Name and address of bankers, including telephone and fax outside Uganda

<i>Name</i>	<i>Contact person</i>
(i)	
(ii)	
(iii)	
(iv)	

(NOTE: Electricity Regulatory Authority may independently verify with your bankers)

- (2) Other important referees on the applicants financial status

<i>Name</i>	<i>Contact person</i>
(a)	
(b)	
(c)	

- (3) Sources of funding for the proposed project (US \$)

- (a) Share capital contribution (specify foreign or local)

.....  
 .....  
 .....  
 .....

- (b) Loan capital (specify source and provide evidence)

.....  
 .....  
 .....

**6. Main business activity of applicant**

Please indicate what business activity you are currently engaged in:

.....  
 .....  
 .....  
 .....



**7. Electricity generators**

*(Use one line for each generator you plan to operate)*

<i>Generator type and/or fuel used</i>	<i>Capacity (kW)</i>	<i>Average number of hours per day that you expect to operate this generator</i>	<i>Total kWh you expect to generate per day.</i>

**8. Purchase of electricity from other sources**

*(Only for those electricity companies purchasing power from other sources)*

(a) Estimated hours per week that you expect to purchase electricity from another source

.....

(b) Power of the supply source (kW)

.....

(c) Total kWh you expect to purchase per week

.....

**9. Customer categories**

<i>Customer category</i>	<i>Number of connections you expect to make in the next six months</i>	<i>Total number of connections in this category to have individuals meters</i>	<i>Total kWh you expect to sell to this category per day</i>
(a) Households			
(b) Commercial or industrial			
(c) Farms			
(d) Government			
(e) Street lights (number of lights)			
(f) Other			

**10. Tariff categories** Please enter here the tariffs you plan to charge customers.10. Tariff categoriesPlease enter here the tariffs you plan to charge customers.

**11. Budgeted income for first six months period** (Please provide your best estimate).

	<i>Shillings</i>
(a) Amount of money expected from customers during the next six months	
(b) Amount expected in loans during the next six months	
(c) Other income expected during next six months	
Total	
(d) Total amount expected to be billed to customers for electricity, repairs and connections that you expect to provide over the next six months.	

**12. Expenditures during first six month period** (Please provide your best estimates.) *Shillings*

- (a) Salaries .....
- (b) Administrative and book-keeping expenses, including office equipment  
.....
- (c) Expenses on new customer connections and new lines, including payments to other companies for doing the installation work --  
.....
- (d) Purchase of new generators or rental payments for existing generators. (Does not include repayment of loans)  
.....
- (e) Fuel for generators (type of fuel) .....
- (f) Repair and maintenance on existing equipment, including payments to other companies for doing repairs and maintenance  
.....

- (g) Repayment of loans  
 .....
- (h) Other expenses during the period .....
- .....
- Total expenses during the period .....
- .....

**13. Staff**—*List only those whose pay is included under paragraph 13(a)*

(a) Number of staff who work thirty hours per week or more and who are regularly paid weekly or monthly	
(b) Number of staff who work less than thirty hours per week and are regularly paid weekly or monthly	
(c) Number of employees who do not have a specific work schedule but normally work at least ten hours per month.	

**14. Lines**

Total length of all distribution lines to be installed in the next six months (metres).	
---	--

**15. Investment plans**—*(Note that answers to these questions are not considered targets and do not obligate your company in any way). They are only to help the ERA understand the future investment plans of the electricity sector as a whole.*

<i>Type of investment</i>	<i>During next six months</i>	<i>Total during next five years</i>
(a) Number of new household connections planned.		
(b) Number of other new connections planned.		
(c) New generation capacity that you plan to bring into service (kW) Please indicate type of fuel.		
(d) Total length of new lines that you plan to construct (meters)		
(e) New loans that you plan to take out to finance the new investments listed above in Uganda shillings (Shs)		

SCHEDULE 2

CERTIFICATE OF EXEMPTION

THE ELECTRICITY ACT, Cap 145

(Section 113)

Certificate Number:

Effective Date:

Certificate issued to:

WHEREAS [Name and Address] intends to generate and sale electricity under the Electricity (Licence Exemption) (Isolated Grid Systems) Order, 2007.

NOW THEREFORE the Electricity Regulatory Authority in exercise of the powers conferred on it by regulation 5(2) of the above mentioned Order grants to [Name and Address] this certificate of exemption from holding a licence under section 113 of the Electricity Act, 1999, Cap.145 subject to the following conditions :-

1. The certificate is subject to the Electricity Act, Cap.145, Regulations and Directives made by the Electricity Regulatory Authority;
2. The certificate is subject to the tariff rates and payment of exemption fees prescribed by the Electricity Act, Cap.145;
3. The certificate is for the duration of .....ending ..... unless it terminates earlier.

IN WITNESS of the grant of this certificate, the common seal of the Electricity Regulatory Authority has been affixed this ..... day of ....., 20.... in the presence of:

.....  
*Chairperson*

.....  
*Chief Executive Officer*

.....  
*Member*

FORM OF REPORTING SCHEDULE FOR HOLDER OF  
CERTIFICATE OF EXEMPTION

1. **Reporting period** .....

2. **Particulars of certificate holder**

- (a) Name:.....
- (b) Physical address: .....
- (c) Postal address:.....
- (d) Tel:.....
- (e) Fax:.....
- (f) Mobile phone:.....
- (g) E-mail:.....
- (h) TIN:.....
- (i) VAT Reg:.....
- (j) Website address:.....

3. **Name and details of contact person**

- (a) Name:.....
- (b) Physical address:.....
- (c) Postal address:.....
- (d) Tel:.....
- (e) Mobile phone:.....
- (f) E-mail address:.....
- (g) Website address:.....

4. **Electricity generators** (*Use one line for each generator you own or operate*)

<i>Type of fuel used</i>	<i>Capacity (kW)</i>	<i>Average number of hours per day that you operate the generator</i>	<i>Total kWh produced for the period (if metered).</i>

**5. Purchase of electricity from other sources** *(Only for those electricity companies purchasing power from other sources)*

(a) Estimated hours per day that you purchase electricity from another source	
(b) Power of the supply source (kW)	
(c) Total kWh purchased for the period (if the amount was metered).	

**6. Customer categories**

<i>Customer category</i>	<i>Number of connections at beginning of period</i>	<i>Number of connections at end of period</i>	<i>Total number of connections in this category having individual meters</i>	<i>Total kWh consumed during the period by those in this category who have individual meters</i>
(a) Households				
(b) Commercial or industrial				
(c) Farms				
(d) Government				
(e) Street lights (number of lights)				
(f) Other				

7. Tariff categories Please enter here the tariffs you plan to charge customers.

Tariff Category	Number of customers in this category	Tariff	Days of the week and time of the day that this service is to be provided	Total hours per week
Shillings	Per	2	M T W T F S S	



**8. Investment plans** (Note that answers to these questions are not considered targets and do not obligate your company in any way). They are only to help the ERA understand the future investment plans of the electricity sector as a whole.

Type of investment	During next twelve months	Total during next five years
(a) Number of new household connections planned.		
(b) Number of other new connections planned.		
(c) New generation capacity that you plan to bring into service (kW)		
(d) Please indicate type of fuel.		
(e) Total length of new lines that you plan to construct (meters)		
(f) New loans that you plan to take out to finance the new investments listed above in Uganda shillings (shs)		

**9. Income during the period** Please provide your best estimate. You must maintain adequate records to justify these figures in case the Authority needs to verify them. *Shillings*

- (a) Amount of money actually received from customers during the period, including payments for services provided during previous periods .....
- (b) Amounts received in loans during the period.....
- (c) Other income received.....
- Total .....
- (d) Total amount billed to customers for electricity, repairs and connections that you provided during this period.

**10. Expenditures during the first six months** *(Please provide your best estimate. You must maintain adequate records to justify these figures in case the Authority needs to verify them. Provide figures only for amounts actually paid during the period.*

Shillings

- (a) Salaries.....
  - (b) Administrative and book-keeping expenses, including office equipment  
.....
  - (c) Expenses on new customer connections and new lines, including payments to other companies for doing the installation work  
.....
  - (d) Purchase of new generators or rental payments for existing generators. (Does not include repayment of loans.)  
.....
  - (e) Fuel for generators (Type of fuel)  
.....
  - (f) Repair and maintenance on existing equipment, including payments to other companies for doing repairs  
.....
  - (g) Repayment of loans.....
  - (h) Other expenses during the period  
.....
- Total expenses during the first six months  
.....

**11. Staff** List only those whose pay is included under paragraph 10(a)

- (1) Number of staff who work thirty hours per week or more and are paid weekly or monthly.....
- (2) Number of staff who work less than thirty hours per week and are paid weekly or monthly.....

- (3) Number of employees who do not have a specific work schedule but work at least ten hours per month .....

**12. Interruptions of service during the reporting period**

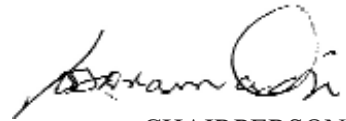
- (a) Number of outages that affected at least half of your customers for one complete day of service or more .....
- (b) Number of outages that affected at least half of your customers for one hour of service or more, but for less than one complete day .....
- (c) Estimated total number of hours during the period that you were not able to provide normal service to at least half of your customers .....
- (d) Please explain the most frequent cause of service interruptions and what you are doing to improve the situation (Use another sheet of paper if necessary)  
.....  
.....  
.....  
.....

**13. Lines**

- (a) Total length of all distribution lines (metres) .....
- (b) Total length of all new lines erected during the reporting period (metres) .....

**14. Investments planned or foreseen** Note that answers to these questions are not considered targets and do not obligate your company in any way. They are only to help the Authority understand the future investment plans of the electricity sector as a whole.

<i>Type of investment</i>	<i>During next twelve months</i>	<i>Total during next five years</i>
(a) Number of new household connections planned		
(b) Number of other new connections planned		
(c) New generation capacity that you plan to bring into service (kW) Please also indicate fuel type:		
(d) Total length of new lines that you plan to construct (metres)		
(e) Amount in new loans that you plan to take out to finance the new investments listed above (Shs.)		



CHAIRPERSON,  
*Electricity Regulatory Authority.*